

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

AR51



Dustbane Enterprises Limited

(Incorporated under the laws of Canada)

200,000 Common Shares

(without par value)

The 200,000 common shares offered by this prospectus are authorized but unissued shares being acquired from the Company.

There is at present no public market for the common shares of the Company and the price for this offering was determined by negotiation between the Company and the Underwriters.

Application has been made to list these shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within a period of ninety days.

Price: \$12.50 per share

	<u>Price to Public</u>	<u>Underwriting discount</u>	<u>Proceeds to Company*</u>
Per Share.....	\$12.50	\$0.85	\$11.65
Total.....	\$2,500,000	\$170,000	\$2,330,000

* Before deduction of expenses payable by the Company estimated not to exceed \$25,000.

We, as principals, offer these common shares subject to prior sale, if, as and when delivered and accepted by us. It is expected that share certificates in definitive form will be available for delivery on or about June 12, 1968.

Greenshields Incorporated

May 28, 1968

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THE COMPANY

Dustbane Enterprises Limited ("the Company" or "Dustbane") was incorporated under the laws of Canada by letters patent dated June 25, 1965. The letters patent of the Company were amended by supplementary letters patent dated March 28, 1968, converting the authorized capital from 300,000 Class "A" and 200,000 Class "B" shares without par value into 500,000 common shares without par value and thereafter increasing the authorized capital to 800,000 common shares without par value.

On June 30, 1965, the Company purchased the assets and assumed the liabilities of Dustbane Products Limited and its 16 subsidiary companies thereby carrying forward a business founded in Canada in 1908. (See "Corporate Reorganization")

The Company's head office is located at 25 Pickering Place, Ottawa, Ontario.

USE OF PROCEEDS

The estimated net proceeds to the Company from the sale of the 200,000 common shares offered hereby amounting to \$2,330,000 will be used, after payment of expenses of issue estimated at \$25,000, to the extent of \$1,031,851 to retire secured bank loans, \$433,527 to reduce other indebtedness and the balance of \$839,622 will be added to the working funds of the Company.

CAPITALIZATION

	Outstanding December 31, 1967	Outstanding March 31, 1968	To be outstanding on completion of this financing
Secured Bank Loan.....	\$1,031,851	\$1,031,851	—
Secured Debentures ⁽¹⁾			
7¼% Series "A" due May 1, 1980.....	\$ 170,000	\$ 170,000	\$ 170,000
6½% Series "B" due May 1, 1989.....	\$ 330,000	\$ 330,000	\$ 330,000
Promissory Notes			
4½% due June 30, 1975.....	\$1,900,000	\$1,900,000	\$1,900,000
Advances from Affiliated Companies			
Non-interest bearing, due June 30, 1975.....	\$ 444,827	\$ 444,827	\$ 125,000
Debenture ⁽²⁾			
6% due July 6, 2000.....	\$ 169,200	\$ 169,200	\$ 169,200
Sundry Indebtedness.....	\$ 335,617	\$ 331,617	\$ 217,917
Capital Stock:			
Authorized:			
300,000 Class "A" shares without par value			
200,000 Class "B" shares without par value			
Issued:			
Class "A" shares without par value.....	\$ 600,000	—	—
	(300,000 shs)		
Class "B" shares without par value.....	\$ 500,000	—	—
	(200,000 shs)		
Authorized: ⁽³⁾			
800,000 common shares without par value..			
Issued:			
Common shares without par value.....	—	\$1,100,000	\$3,430,000
		(500,000 shs)	(700,000 shs)

(1) Issued by Dustbane Mfg. Co., Limited and assumed by the Company (see "Corporate Reorganization").

(2) Issued by Dustbane Products Limited and assumed by the Company (see "Corporate Reorganization").

(3) After giving effect to the conversion and increase of the authorized capital referred to under "The Company".

(4) See Note 11 to Notes to the Financial Statements for long term lease commitments.

CORPORATE REORGANIZATION

Dustbane Enterprises Limited was formed to consolidate the operations of Dustbane Products Limited and its 16 subsidiaries. The assets of such companies were acquired and their liabilities assumed on June 30, 1965 for a consideration of \$3,000,000, consisting of \$1,900,000 4½% promissory notes due June 30, 1975 and capital stock of the Company issued at a stated value of \$1,100,000, which was distributed as follows:

	<u>Capital Stock</u>	<u>Promissory Notes</u>
Dustbane Mfg. Co., Limited		\$ 107,019
300,000 Class "A" shares without par value ⁽¹⁾	\$ 600,000	
200,000 Class "B" shares without par value ⁽¹⁾	500,000	
Brushcraft Limited.....		275,000
Modern Building Cleaning Service of Canada Limited.....		171,086
The Ontario Building Cleaning Company Limited.....		251,186
Mercury Maintenance Services Limited.....		30,664
Independent Cleaning Services Limited.....		3
Mid-West Supplies Limited.....		374,143
Dustbane (Maritime) Limited.....		105,962
Dustbane Co. of B. C. Ltd.....		141,849
Dustbane (Alberta) Limited.....		22,722
Dustbane (Newfoundland) Limited.....		28,286
Dustbane (Ontario Division) Limited.....		26,438
Dustbane (Sask.) Limited.....		9,896
H. A. Stafford & Co. Ltd.....		17,535
Dustbane Western Limited.....		172,155
Dustbane (Quebec) Limited.....		166,056
	<u>\$1,100,000</u>	<u>\$1,900,000</u>

(1) Subsequently converted into common shares without par value.

BUSINESS

Dustbane provides housekeeping and janitorial services to commercial, industrial and institutional clients through 21 branch offices across the country. The Company, with plants at Ottawa, Winnipeg and Vancouver, is also a leading manufacturer of commercial and industrial cleaning supplies and equipment. These products are used in the Company's contract cleaning operations and are sold through 13 franchised distributors from coast to coast. Direct factory sales are also made to major consumers such as municipal, provincial and federal governments.

The Company's International Division sells Dustbane products principally in Europe, Africa and Australia.

The breakdown of sales for the year ended June 30, 1967, was as follows:

Contract cleaning services.....	\$11,618,881
Manufacturing.....	5,273,174
	<u>\$16,892,055</u>

Contract Cleaning Services

The Modern Building Cleaning Division of Dustbane ("Modern") was formed in 1954 to participate in the contract cleaning business, then emerging as a major industry. The cleaning of buildings under contract involves supplying all labour, materials, equipment and supervision at fixed rates. Dustbane's entry into this

field enabled it to capitalize on its reputation as a supplier of cleaning products and equipment, and to benefit from the facilities, the knowledge of local needs and the personal business connections of its distributors.

Modern now has over 3,000 employees and provides interior housekeeping services to commercial, industrial and institutional clients in more than 32 cities across Canada.

One of the better known accounts served by Modern is Canada's newest office complex, the Toronto Dominion Centre. Under its contract Modern will provide cleaning services for some 35 acres of floor space, 6 miles of corridor and over 200 washrooms. It will also provide special services for tenants such as furniture polishing and shampooing, wall washing, furniture moving, and an executive "maid service"—cleaning an office during the lunch hour, or a boardroom between sessions. The Toronto Dominion Centre is one of the more than 1,000 buildings now under contract with Modern. The total floor space serviced in these buildings is over 35,000,000 square feet.

An integral and specialized part of Modern's business is its hospital sanitary cleaning section which provides housekeeping service for some 50 Canadian hospitals with a total capacity in excess of 11,000 beds. Modern's success in this field is due to its highly trained personnel and its ability to meet the high sanitary standards required.

Each prospective account is thoroughly analysed by the most advanced appraisal techniques to ensure optimum utilization of labour, supplies and equipment. With the help of computers and other business equipment, monthly reports are produced showing revenues and expenditures on each account throughout Canada, and by these means stringent controls are exercised over all expenses.

Manufacturing

Dustbane's Chemical Division produces an extensive line of cleaning and maintenance products including soaps, detergents and other cleaning compounds, floor cleaners, waxes and finishes. Production of these items is geared to the industrial, commercial and institutional markets.

Dustbane's Brushcraft Division produces brooms and brushes for industrial cleaning, as well as wash and snow brushes for motorists. Tarbox Bros. Limited, the Company's wholly-owned subsidiary, manufactures wet and dry mops and brooms. Since its acquisition, the sales of Tarbox have increased rapidly, due in large measure to the development of new products.

The Equipment Divisions, located at Ottawa, produce a wide variety of products for both domestic and export markets. The most complex of these are self-propelled, battery operated scrubber-vacuums that sell at prices in excess of \$2,000. Floor scrubbers/polishers of several types and sizes, commercial and industrial vacuum cleaners, service carts, mop trucks and pails are among the many items produced.

Laboratories located at Ottawa and Winnipeg provide quality control, and conduct research and development to keep the Company in the forefront of its field. This is further assured through a long term agreement with one of the largest United States manufacturers of commercial and consumer cleaning products under which the latter's new developments are made available to the Company for a fee based on production of such products.

Distribution System

Sales of the Company's products are handled by 13 regional franchised distributors across Canada. These distributors, specialists in the cleaning and maintenance trade, operate their own independent businesses, thereby providing a more personal and locally-orientated service. Dustbane distributors have exclusive rights to sell the Company's products in their respective territories and their franchise agreements also permit sales of non-competitive lines of allied products. However, as Dustbane introduces new products, competing lines must be dropped. In most cases the Company owns or leases the warehouses and other premises, office equipment and motor vehicles used by its franchised distributors.

The Company provides its distributors with a centralized computer controlled accounting and statistical service. In addition, Dustbane provides advertising support on a national basis, sales promotion assistance

through trade show displays and sales incentive programmes to its distributors. Extensive use is made of motion pictures to demonstrate the proper methods of employing Dustbane products. A further major element in distributors' support is the Company's free bi-monthly publication "Building Maintenance in Canada" which has a nation-wide circulation of 40,000.

The diversity of Dustbane's product line and its well-known name in the trade gives its distributors the advantage of a single source of supply for all the requirements of the cleaning and maintenance trade. Furthermore, it is in the interest of the franchised distributors to promote the services offered by the Company's Modern Building Cleaning Division as the latter purchases all its requirements of cleaning and maintenance products from the respective regional distributors.

Direct sales from the Dustbane factories, mainly to municipal, provincial and federal governments are also significant. The Company's competitive prices and the quality of its goods have resulted in repeat orders.

International Division

AB Electrolux of Sweden distributes Dustbane's vacuum cleaners, floor scrubbers/polishers and other related products principally in Europe, South Africa and Australia. The Company and Office Cleaning Services Limited, a cleaning and maintenance firm in the United Kingdom, jointly own New Romney Manufacturing Co. Limited, organized in 1968 for the purpose of manufacturing, assembling and distributing floor scrubbers/polishers in the U.K. and Eire under license from Dustbane. This venture should provide a steady volume of sales since Dustbane's partner is a large user and distributor of such equipment. Dustbane's capital investment in New Romney Manufacturing Co. Limited is limited to £5,000. In addition, Dustbane is presently negotiating licensing agreements with companies in West Germany and Australia for the manufacture of Dustbane products.

Properties

The Company operates manufacturing plants at Ottawa, Winnipeg, and Vancouver, which incorporate warehousing and shipping facilities.

The Ottawa plant, where Dustbane's complete line of products is manufactured, covers an area in excess of 100,000 square feet and is owned by the Company. Chemical production from this plant is for distribution in Eastern Canada whereas the plant's other products are distributed Canada-wide. All of the Company's export sales are also shipped from this plant. The Company owns its modern 16,000 square foot administration building in Ottawa.

Complete chemical production facilities are also maintained in 23,000 square feet of leased premises at Winnipeg, for servicing Western Canada. Production of chemicals in a Company owned 7,000 square foot Vancouver plant is mainly limited to low cost, heavy-weight products.

In addition, Dustbane owns office and warehouse buildings in St. John's, Halifax, Quebec, and Edmonton.

SHAREHOLDINGS AND MANAGEMENT

Principal Holders of Securities

The following table sets forth the ownership beneficially and of record of each person or company owning of record, or to the knowledge of the Company beneficially, directly or indirectly, more than 10% of the equity shares of Dustbane Enterprises Limited as at March 31, 1968.

<u>Name and address</u>	<u>Designation of class</u>	<u>Type of ownership</u>	<u>Number of shares owned</u>	<u>Percentage of class</u>
Piclaf Holdings Limited 25 Pickering Place, Ottawa, Ontario	Common shares without par value	Beneficially and of Record	500,000	100%

Interest in the equity shares of Piclaf Holdings Limited is held as to 56.8% by Dustbane Mfg. Co., Limited and as to 40% by Dustbane Holdings Limited. The majority of the equity shares of Dustbane Mfg. Co., Limited are held indirectly by Chester E. Pickering and by trusts established for members of his family. The majority of the equity shares of Dustbane Holdings Limited are held directly by Gerald D. LaFortune.

Giving effect to the issue of the 200,000 common shares offered by this prospectus the interest of Piclaf Holdings Limited in the equity shares of Dustbane will be reduced to 71.4%.

The following table sets forth the beneficial ownership of equity shares of the Company owned either directly or indirectly by all directors and senior officers of the Company as a group as at March 31, 1968.

<u>Designation of class</u>	<u>Number of shares beneficially owned</u>	<u>Percentage of class</u>
Common shares, without par value.....	336,319*	67.3%

*Not included are equity shares indirectly owned by members of Chester E. Pickering's family through trusts established for them, as to which beneficial ownership is disclaimed by Mr. Pickering.

Directors and Officers

The names, home addresses, positions held with the Company and principal occupations, within the five preceding years, of the directors and officers of the Company are as follows:

<u>Name and Address</u>	<u>Position Held</u>	<u>Principal Occupation</u>
GEORGE VERNON ALLISON..... 1555 Mimosa St., Ottawa, Ont.	Director,..... Comptroller	Financial Officer, Dustbane Enterprises Limited.
GEORGE PERRIGO ARMSTRONG..... Prescott Highway, Ottawa, Ont.	Vice-President,..... Purchasing and Traffic	Vice-President, Dustbane Enterprises Limited.
GERALD DANIEL LAFORTUNE..... 239 Island Park Drive, Ottawa, Ont.	Director,..... President and General Manager	President, Dustbane Enterprises Limited.
EUGENE EDOUARD LECLERC..... 292 Donald St., Ottawa, Ont.	Treasurer.....	Financial Officer, Dustbane Enterprises Limited.
FREDERICK SHAW MARTIN..... Aylmer Road, Lucerne, Que.	Director.....	Investment Dealer, Greenshields Incorporated.
JOSEPH EDWARD O'BRIEN..... 1734 Rhodes Crescent, Ottawa, Ont.	Director.....	Trust Officer, The Royal Trust Company.
STEWART GILBERT PAUL..... 1017 Pinewood Crescent, Ottawa, Ont.	Director,..... Vice-President Services, Sales and Operations	Vice-President, Dustbane Enterprises Limited.
CHESTER EVERETT PICKERING, O.B.E..... 228 Island Park Drive, Ottawa, Ont.	Director,..... Vice-President and Managing Director	Vice-President, Dustbane Enterprises Limited.

<u>Name and Address</u>	<u>Position Held</u>	<u>Principal Occupation</u>
GALA CAROLYNE PICKERING (Miss)..... 111 Wurtemburg St., Ottawa, Ont.	Director,..... Chairman of the Board	Chairman, Dustbane Enterprises Limited.
GORDON HERBERT PIMM..... 251 Park Rd., Rockcliffe Park, Ont.	Director,..... Senior Vice-President	Vice-President, Dustbane Enterprises Limited.
ROSS FRANKLIN THOMPSON..... 22 Evergreen Drive, Ottawa, Ont.	Secretary.....	Secretary-Manager, Dustbane Enterprises Limited.
JOHN JAMES URIE..... 1291 Parkhill Circle, Ottawa, Ont.	Director.....	Barrister, Burke-Robertson, Urie, Butler, Weller & Chadwick.

Prior to the incorporation of the Company on June 25, 1965, all executives of Dustbane Enterprises Limited held similar executive positions with Dustbane Products Limited or its wholly-owned subsidiary Modern Building Cleaning Service of Canada Limited.

Remuneration of Directors and Senior Officers

The By-laws of the Company provide that remuneration to the directors shall be as from time to time determined by resolution of the directors.

The amount of the aggregate direct remuneration paid or payable by the Company to its directors and senior officers during the fiscal year of the Company ended June 30, 1967, was \$198,757 and for the nine months ended March 31, 1968 was \$184,210.

The estimated cost to the Company and its subsidiary in the last fiscal year of all pension benefits proposed to be paid in the aggregate under the Company's pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or its subsidiary to the directors and senior officers is \$6,067.

Stock Options

Under the Stock Purchase Plan which was authorized by a resolution of the directors on April 1, 1968, 40,000 authorized but unissued common shares of the Company have been reserved for purchase by a senior officer of the Company, of which, options in respect of 20,000 shares may be exercised on or before March 31, 1971 at a price of \$11.65 per share and thereafter for a further period of 2 years at \$12.82 per share, and options in respect of the remaining 20,000 shares are exercisable on or before March 31, 1973 at a price of \$12.82 per share.

Management Interest

On June 1, 1966, the Company purchased the residence of G. D. LaFortune, the president of the Company, for a consideration of \$87,000, being an independent appraised value of the property. The purchase price was composed of the balance of an amortized mortgage due 1986 in the amount of \$28,374 and a non-interest bearing promissory note due June 1, 1971, in the amount of \$58,626. The vendor has the right to repurchase the property at any time prior to repayment of the note for an amount of \$58,626 plus the then outstanding balance on the mortgage. The residence is leased to the vendor for a gross rental of \$5,100 per annum.

The Company is considering leasing from Dustbane-Dominion Building Limited approximately 16,000 square feet of office space in a newly constructed building adjacent to the Company's head office. Messrs. LaFortune, Urie, Pickering, Allison, Leclerc, Paul and Thompson, senior officers and directors of the Company, beneficially own approximately 56% of the common shares of Dustbane-Dominion Building Limited.

F. S. Martin, a director of the Company, is a director and a shareholder of Greenshields Incorporated, one of the underwriters referred to under the heading "Underwriting Agreement".

J. J. Urie, a director and shareholder of the Company, is a partner in the firm of Burke-Robertson, Urie, Butler, Weller and Chadwick referred to under the heading "Opinion of Counsel".

DETAILS OF THE OFFERING

Description of Common Shares

The capital stock of the Company consists of common shares without par value of the class being offered by this prospectus. The common shares are entitled to dividends as and when declared by the Board of Directors; are entitled to one vote per share; have no preemptive or conversion rights, and are entitled upon liquidation to receive pro rata such assets of the Company as are distributable to holders of the common shares. The outstanding common shares and the common shares hereby offered will be fully paid and non-assessable.

Non-Cumulative Voting

The holders of common shares have non-cumulative voting rights, which means that the holders of more than 50% of the common shares voting for the election of directors can elect all of the directors if they so choose, and in such event, the holders of the remaining less than 50% of the common shares voting for the election of directors will not be able to elect any directors to the Board of Directors.

Dividend Restrictions

The Deed of Trust and Mortgage dated May 1, 1964 relating to the Debentures of Dustbane Mfg. Co. Limited contains a covenant, assumed by the Company in a Supplemental Indenture dated August 6, 1965 which, in effect, prohibits the payment of dividend by the Company if such payment would reduce the consolidated net worth of the Company, Dustbane Products Limited and subsidiaries and an affiliate, which are guarantors the Debentures, to less than \$2,000,000. As at December 31, 1967 the consolidated net worth of these companies (exclusive of intangibles) amounted to \$3,156,805.

Dividend Policy

The payment of dividends on the 700,000 shares to be outstanding upon completion of this financing, will ultimately be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

Since its incorporation the Company has paid dividends on its outstanding shares as follows:

<u>Period</u>	<u>Class of shares</u>	<u>Number outstanding</u>	<u>Per share</u>	<u>Total</u>
July 1, 1965 to June 30, 1966	A	300,000	86 $\frac{2}{3}$ ¢	\$260,000
July 1, 1966 to June 30, 1967	A	300,000	86 $\frac{2}{3}$ ¢	\$260,000
July 1, 1967 to December 31, 1967	A	300,000	43 $\frac{1}{3}$ ¢	\$130,000
January 1, 1968 to May 15, 1968	Common	500,000	26¢	\$130,000

Opinion of Counsel

All legal matters relating to the issue and sale of the common shares offered by this prospectus will be subject to the approval of Messrs. Burke-Robertson, Urie, Butler, Weller & Chadwick on behalf of the Company and Messrs. Doheny, Day, Mackenzie & Lawrence on behalf of the Underwriters.

Transfer Agent and Registrar

The Transfer Agent and Registrar of the Company's common shares is Canada Permanent Trust Company, at Halifax, Montreal, Ottawa, Toronto, Winnipeg, Calgary and Vancouver.

Underwriting Agreement

The Company under date of May 28, 1968 entered into an agreement with Greenshields Incorporated and Royal Securities Corporation Limited (the "Underwriters") whereby the Company agreed to issue and sell 200,000 common shares and the Underwriters agreed severally to purchase in the proportion of 50% each of all such shares at a price of \$11.65 per share, payable in cash against delivery at a closing to be held on or before June 12, 1968.

MATERIAL CONTRACTS

During the past two years, the Company has entered into the following contracts in addition to contracts in the ordinary course of business:

1. The option granted to a senior officer of the Company referred to under "Stock Options".

2. The underwriting agreement with Greenshields Incorporated and Royal Securities Corporation Limited referred to under "Underwriting Agreement".

Copies of the agreements referred to above may be inspected at the head office of the Company, 25 Pickering Place, Ottawa, Ontario during ordinary business hours during the period of primary distribution of the shares hereby offered and for a period of 30 days thereafter.

AUDITORS

The Company's auditors are McDonald, Currie & Co., Chartered Accountants, 151 Slater Street, Ottawa, Ontario.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL OR RESCISSION

Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 63 and 64 of The Securities Act, 1967 (Alberta) provide, in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has the right to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent; and
- (b) a purchaser has the right to rescind the contract to purchase such security by commencing an action within 90 days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later, if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to the said Acts for the complete text of the provisions under which the foregoing rights are conferred.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act of British Columbia for the complete text of the provisions under which the rights of purchasers in British Columbia are conferred.

DUSTBANE ENTER
AND SUB
CONSOLIDATED BALANCE SHEET AND PRO
AS AT DECEM

ASSETS

	Balance sheet \$	Pro forma balance sheet (note 1) \$
CURRENT ASSETS		
Cash.....	465,832	1,305,454
Accounts receivable (note 3).....	2,175,472	2,175,472
Due from distributors		
—accounts receivable (note 3).....	316,880	316,880
—advances.....	352,517	352,517
Inventories (note 4).....	1,524,087	1,524,087
Prepaid expenses and deposits.....	104,975	104,975
	<u>4,939,763</u>	<u>5,779,385</u>
 SUNDRY ASSETS		
Advances to affiliated company.....	40,820	40,820
Sundry investments and long-term account receivable.....	54,905	54,905
	<u>95,725</u>	<u>95,725</u>
 FIXED ASSETS (note 5).....	<u>1,701,914</u>	<u>1,701,914</u>
 OTHER ASSETS		
Deferred charges less amounts written off.....	34,084	34,048
Financing expenses.....	—	25,000
Goodwill—at cost.....	1,121,754	1,121,754
	<u>1,155,838</u>	<u>1,180,838</u>
 Approved on behalf of the Board:		
 G. H. PIMM, Director.		
 STEWART G. PAUL, Director.		
	<u><u>7,893,240</u></u>	<u><u>8,757,862</u></u>

RISES LIMITED

DIARY

ORMA CONSOLIDATED BALANCE SHEET

ER 31, 1967

LIABILITIES

	Balance sheet \$	Pro forma balance sheet (note 1) \$
CURRENT LIABILITIES		
Bank advances.....	823,182	823,182
Accounts payable and accrued liabilities.....	718,391	718,391
Income and other taxes.....	240,523	240,523
Current portion of long-term debt (note 6).....	401,676	34,976
	<u>2,183,772</u>	<u>1,817,072</u>
LONG-TERM DEBT LESS CURRENT PORTION (note 6).....	<u>3,979,819</u>	<u>2,881,141</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Balance sheet—

Authorized, issued and fully paid—(note 7 and 8)

300,000 Class "A" shares without par value.....

600,000

—

200,000 Class "B" shares without par value.....

500,000

—

Pro forma balance sheet—

Authorized—

800,000 common shares without par value

Issued—

700,000 common shares.....

—

3,430,000

1,100,000

3,430,000

RETAINED EARNINGS.....

629,649

629,649

1,729,649

4,059,649

CONTINGENT LIABILITIES (note 9)

7,893,240

8,757,862

Dustbane Enterprises Limited

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF EARNINGS

	Dustbane Products Limited and subsidiaries (note 2(b))				Dustbane Enterprises Limited and subsidiary (note 2(c))			
	Year ended December 31 1962	Year ended December 31 1963	Year ended December 31 1964	Six months ended June 30 1965	Year ended June 30 1966	Year ended June 30 1967	Six months ended December 31 1966 (unaudited)	Six months ended December 31 1967
	\$	\$	\$	\$	\$	\$	\$	\$
Sales and other revenues.....	8,236,218	9,362,502	11,414,755	6,507,692	14,717,185	16,892,055	8,006,682	8,991,807
Cost of sales, selling and general expense.....	7,468,401	8,480,080	10,456,861	5,846,773	13,428,343	15,398,000	7,377,824	8,188,336
Interest on bank loans and other debt								
—short-term	28,521	32,176	36,125	17,052	57,510	1,235	656	3,099
—long-term.....	58,442	49,560	58,323	31,332	173,843	226,475	111,753	103,877
Depreciation and amortization.....	147,689	186,282	197,780	90,052	205,208	222,987	93,189	104,718
Deferred charges written off.....	—	1,669	7,309	3,629	8,422	16,073	4,774	4,774
	7,703,053	8,749,767	10,756,398	5,988,838	13,873,326	15,864,770	7,588,196	8,404,804
	533,165	612,735	658,357	518,854	843,859	1,027,285	418,486	587,003
Provision for income taxes (note 10)	263,008	321,355	346,959	252,030	408,389	513,869	212,317	300,580
Net earnings for the period.....	270,157	291,380	311,398	266,824	435,470	513,416	206,169	286,423

Dustbane Enterprises Limited

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended June 30 1966	Year ended June 30 1967	Six months ended December 31 1966 (unaudited)	Six months ended December 31 1967
	\$	\$	\$	\$
Balance—Beginning of period.....	—	175,470	175,470	473,226
Net earnings for the period.....	435,470	513,416	206,169	286,423
Capital gain on sale of land and building.....	—	19,340	—	—
Proceeds from life insurance.....	—	25,000	25,000	—
	<u>435,470</u>	<u>733,226</u>	<u>406,639</u>	<u>759,649</u>
Dividend on the Class A shares.....	260,000	260,000	130,000	130,000
Balance—End of period.....	<u>175,470</u>	<u>473,226</u>	<u>276,639</u>	<u>629,649</u>

Dustbane Enterprises Limited

AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

1. PRO FORMA BALANCE SHEET

The pro forma balance sheet gives effect at December 31, 1967 to the undernoted:

- (a) The issue of supplementary letters patent dated March 28, 1968 to change and reclassify the 300,000 Class "A" shares without par value and the 200,000 Class "B" shares without par value into 500,000 common shares without par value and to increase the authorized capital from 500,000 to 800,000 common shares without par value.
- (b) The issue of 200,000 treasury shares of the company at a price of \$11.65 per share for an aggregate consideration of \$2,330,000 pursuant to an underwriting agreement dated May 28, 1968.
- (c) The application of the proceeds of the issue of shares to:
 - (i) The repayment of long-term debt amounting to \$1,465,378 at December 31, 1967 (note 6).
 - (ii) The payment of estimated costs of \$25,000 in connection with the transactions described in (a) and (b) above.
 - (iii) The addition to working capital of the remaining net proceeds amounting to \$839,622.

2. BASIS OF CONSOLIDATION AND ACCOUNTING PRESENTATION

- (a) The consolidated balance sheet and pro forma consolidated balance sheet at December 31, 1967 include the accounts of the company and its wholly owned subsidiary, Tarbox Bros. Limited.
- (b) The consolidated statement of earnings for the years ended December 31, 1962, 1963 and 1964 and the six months ended June 30, 1965 include the operations of the businesses acquired on June 30, 1965 from Dustbane Products Limited and its subsidiaries, which were operated by the same management.
- (c) The consolidated statements of earnings and retained earnings for the years ended June 30, 1966 and 1967 and the two six month periods ended December 31, 1966 and 1967 include the operations of the company and its wholly owned subsidiary from the date of commencement of operations on July 1, 1965.
- (d) The consolidated statements of earnings and retained earnings include adjustments:
 - (i) To eliminate inter-divisional and inter-company sales.
 - (ii) To provide for doubtful accounts in the years that collection became uncertain.
 - (iii) To adjust depreciation recorded in the accounts in certain years to a consistent basis of maximum capital cost allowance permitted for income tax purposes.
 - (iv) To write off organization expense in the year incurred.
 - (v) To adjust income taxes to reflect the above changes and to reflect the income tax reduction arising from a loss of a subsidiary company in the year in which the loss occurred.

3. SECURITY FOR BANK LOAN

The company has pledged its accounts receivable as security for bank loan.

4. INVENTORIES

These are classified as follows:

	December 31, 1967
Raw materials, parts and work in process—at the lower of cost or replacement cost	\$1,073,153
Finished goods—at the lower of cost or net realizable value	450,934
	<u>\$1,524,087</u>

5. FIXED ASSETS

These are classified as follows:

	December 31, 1967		
	Cost	Accumulated depreciation or amortization	Net
Land	\$ 95,541	\$ —	\$ 95,541
Buildings	1,185,191	139,209	1,045,982
Machinery and equipment	975,448	436,935	538,513
Leasehold improvements	30,949	9,071	21,878
	<u>\$2,287,129</u>	<u>\$585,215</u>	<u>\$1,701,914</u>

6. LONG-TERM DEBT

	December 31, 1967	Pro forma December 31 1967 (note 1)
Bank loan		
Repayable in annual instalments of \$250,000 including principal and interest (note 3)	\$1,031,851	\$ —
Debentures—		
Secured debentures issued by Dustbane Mfg. Co., Limited, secured by Deed of Trust and Mortgage dated May 1 1964, and assumed by the company under Supplemental Indenture dated August 6, 1965—		
Series "A"—7¼% maturing May 1, 1980 with annual sinking fund payments of \$10,000 to May 1, 1976 and \$20,000 thereafter	170,000	170,000
Series "B"—6½% maturing May 1, 1989 with annual sinking fund payments of \$15,000	330,000	330,000
6% debenture maturing July 6, 2000, issued by Dustbane Products Limited and assumed by the company on June 30, 1965, callable at \$105, with rights restricted by the said Deed of Trust and Mortgage and Supplemental Indenture securing the Series "A" and Series "B" secured debentures	169,200	169,200
Mortgage loans—		
5% to 7¼% maturing 1971 to 1986	166,291	166,291
Notes payable to shareholders, including shareholders of holding companies—		
6% repayable on demand	86,700	—
Non-interest bearing repayable June 1, 1971	51,626	51,626
4½% repayable June 30, 1975	1,900,000	1,900,000
Advances from affiliated companies—		
Non-interest bearing	444,827	125,000
Other notes	31,000	4,000
	<u>4,381,495</u>	<u>2,916,117</u>
Less: Current portion	401,676	34,976
	<u>\$3,979,819</u>	<u>\$2,881,141</u>

7. CAPITAL STOCK

The 300,000 Class "A" shares without par value and the 200,000 Class "B" shares without par value were issued for assets acquired on June 30, 1965 from Dustbane Products Limited and subsidiaries.

8. STOCK OPTIONS

Stock options have been granted to an officer of the company for 20,000 common shares exercisable at a price of \$11.65 each on or before March 31, 1971 and thereafter at \$12.82 each until March 31, 1973, and for 20,000 common shares at a price of \$12.82 each, exercisable until March 31, 1973.

9. CONTINGENT LIABILITIES

The company has guaranteed bank loans to distributors in the amount of \$583,600. The wholly owned subsidiary has guaranteed a bank letter of credit to a director in the amount of \$100,000.

10. PROVISION FOR INCOME TAXES

Income taxes have been based on assessments received to date and in respect of years not yet assessed no material adjustments to such taxes are expected.

11. COMMITMENTS UNDER LONG TERM LEASES

The company has contractual obligations in respect of long term leases of real property. The rentals incurred by the company in respect of these obligations for the year ended June 30, 1967 aggregated \$67,703; the minimum rentals to be incurred on such facilities during the five fiscal years ending June 30, 1972 will aggregate \$370,445.

AUDITORS' REPORT

TO THE DIRECTORS,
DUSTBANE ENTERPRISES LIMITED,

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Dustbane Enterprises Limited and subsidiary as at December 31, 1967 and the consolidated statement of earnings and retained earnings for the years ended June 30, 1966 and 1967 and the six month period ended December 31, 1967 and the consolidated statements of earnings of Dustbane Products Limited and subsidiaries for the years ended December 31, 1962, 1963 and 1964 and the six month period ended June 30, 1965 (note 2b). Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) These consolidated financial statements present fairly the financial position of Dustbane Enterprises Limited and subsidiary as at December 31, 1967 and the results of the operations of the companies described in the preceding paragraph for the periods indicated;
- (b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of Dustbane Enterprises Limited as at December 31, 1967 after giving effect as at that date to the transactions described in note 1 to the financial statements;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Ottawa, May 28, 1968

McDONALD, CURRIE & Co.
Chartered Accountants.

There are no material facts relating to the Company not disclosed in this prospectus.
Ottawa, Ontario, May 28, 1968.

CERTIFICATE OF COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of the Securities Act, 1967 (Alberta), Part VII of The Securities Act, 1966 (Ontario) and Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations under each of them, by Section 13 of the Securities Act of New Brunswick and under the Securities Act of Quebec and there is no further material information applicable other than in the financial statements or other reports where required or exigible which are included herein.

On behalf of the Board of Directors

G. D. LAFORTUNE
Chief Executive Officer

G. H. PIMM
Director

G. V. ALLISON
Chief Financial Officer

STEWART G. PAUL
Director

Directors

G. V. ALLISON
F. S. MARTIN
S. G. PAUL
G. C. PICKERING

G. D. LAFORTUNE
J. E. O'BRIEN
C. E. PICKERING
G. H. PIMM

J. J. URIE

By this signature affixed below C. E. Pickering has, both personally and pursuant to powers of attorney duly executed, signed this prospectus on behalf of all the Directors of the Company listed above.

C. E. PICKERING

CERTIFICATE OF THE UNDERWRITERS

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of the Securities Act, 1967 (Alberta), Part VII of The Securities Act, 1966 (Ontario) and Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations under each of them, by Section 13 of the Securities Act of New Brunswick and under the Securities Act of Quebec and there is no further material information applicable other than in the financial statements or other reports where required or exigible which are included herein.

GREENSHIELDS INCORPORATED
Per: F. S. MARTIN

ROYAL SECURITIES CORPORATION LIMITED
Per: A. E. NORCROSS

The following list includes the names of all persons having an interest either directly or indirectly to the extent of not less than 5% in the capital of Greenshields Incorporated: Peter Kilburn, Viscount Hardinge, Dudley Dawson, J. E. Brookes and W. T. Moran, and in the capital of Royal Securities Corporation Limited: Alan S. Gordon, F. L. Glasgow, Ivan A. Martin, G. C. Stewart, J. R. Hughes, Harold Braff and Estate of G. W. W. Ross.

